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March 25, 2004

TO: Robert A. Schroeder, EQB Chair

FROM: Bill Storm (Tel: 651.296.9535)

RE: Xcel Energy
Pipeline Routing Permit & Partial Exemption Application
EQB Docket # 04-82-PRP-Xcel Blue Lake Pipeline

Action Requested: Signature of the Chair on a letter notifying Xcel Energy that its application for a partial exemption and Pipeline Route Permit is accepted. The date of the Chair's determination letter that an application is substantially complete marks the start of the schedule for the Board to make a final decision on the permit. Acceptance of the application allows staff to initiate the review requirements.

Attached is a letter for your signature notifying Xcel Energy of the chair's decision to accept the pipeline route permit application and the request for a partial exemption from certain procedural requirements.

Staff Recommendation: The EQB staff has reviewed the pipeline routing permit & partial exemption application for compliance with the requirements of Minn. Rules, parts 4415.0105 through 4415.0165. The Xcel application provides the information required by the pipeline routing rules. Therefore, EQB staff recommends that the chair of the Board accept the Xcel application.

Background: This pipeline is part of a broader project to install two natural gas turbines at the Blue Lake Generating Plant. On February 17, 2004, the EQB Chair accepted the Site and Route Permit applications associated with the proposed expansion of the Blue Lake Generating Plant as substantially complete and notified the applicant in writing of the decision.

As part of the Blue Lake Generating plant expansion project, Xcel Energy proposes to construct and install a new natural gas pipeline. The pipeline would be approximately 11 miles in length, 16 inches in diameter and would connect the new combustion turbines to an existing Northern Natural Gas mainline.

Review Process: The Xcel application is being reviewed under the partial exemption process, which is an abbreviated form of review and permitting for pipelines. EQB review under this process does not require the applicant to identify an alternative route or require the EQB to hold a contested case hearing. EQB staff will hold a public information meeting in the area to receive comments on the application and hear any concerns people may have. To grant a partial exemption, the EQB must determine that there is no substantial environmental impact. When a partial exemption is granted, the EQB issues a pipeline routing permit with conditions that address construction and restoration practices.

EQB staff expects this project to be placed on the EQB's agenda for a decision in June 2004.



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March 25, 2004

Mr. James Alders
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

RE: Xcel Energy Blue Lake Generating Plant
Acceptance of Pipeline Route Permit & Partial Exemption Application
(Docket #04-82-PRP-Xcel Blue Lake Pipeline)

Dear Mr. Alders:

On March 16, 2004, Xcel Energy filed an application with the Minnesota Environmental Quality Board regarding the construction of an underground natural gas pipeline in Scott County, Minnesota. The proposal is associated with Xcel Energy's planned expansion of the Blue Lake Generating Plant in the city of Shakopee, Minnesota.

MEQB staff has reviewed your application and has recommended that I find your application consistent with the requirements of Minnesota Rules, part 4415.0115.

The pipeline route permit application will be reviewed pursuant to the partial exemption procedures of Minn. Rules, parts 4415.0035, 4415.0040 and 4415.0105.

Based upon the MEQB staff recommendation and my review, I am accepting the Xcel Energy application with the understanding that any additional information required by the MEQB staff will be addressed promptly.

Because the proposed pipeline will be reviewed pursuant to the partial exemption procedures, I will not appoint a citizen advisory task force.

Mr. William Cole Storm will be the MEQB's staff project manager for this project. Please direct any future questions to him. We look forward to working with Xcel to fully address any issues that may be raised in review of this application. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert A. Schroeder", with a stylized flourish at the end.

Robert A. Schroeder, Chair
Environmental Quality Board